

Message Text

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ACTION NEA-10

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E.O. 11652: N/A

TAGS: ENRG, PFOR, PLOS, TS,)6

SUBJ: TUNISIAN/LIBYAN CONTINENTAL SHELF:

BUTTES PETROLEUM DRILLING CONTRACT

REFS: TUNIS 5100 AND PREVIOUS, STATE 187072

1. AS DEPT AWARE, BUTTES RESOURCES HAS SERVICE CONTRACT WITH ETAP TO DRILL AN EXPLORATORY WELL FOR ETAP IN THE DISPUTED AREA OF THE GULF OF GABES. BUTTES HAD SUBCONTRACTED ODECO TO PROVIDE DRILLING SHIP AND CREW. ODECO SUBCONTRACT IS INTEGRAL PART OF THE BUTTES/ETAP CONTRACT. DURING WEEK OF JULY 12, ODECO OFFICIALLY NOTIFIED BUTTES THAT IT WOULD NOT RPT NOT UNDERTAKE A DRILLING OPERATION IN THE DISPUTED ZONE, CITING PHYSICAL DANGER TO ITS CREW AND EQUIPMENT. ON JULY 15, BUTTES NOTIFIED ETAP OF ODECO DECISION AND NECESSITY TO DELAY DRILLING UNTIL SUBSTITUTE EQUIPMENT COULD BE LOCATED. BUTTES REQUESTED PERMISSION TO RELEASE ODECO SHIP TO GO TO DRYDOCK IN MALTA, FOLLOWING COMPLETION GULF OF HAMMAMET WELL, A CONTINGENCY REPORTED TO BE FORESEEN IN CONTRACT. ETAP OBJECTED TO RELEASED OF ODECO VESSEL, COMPLAINING PARTICULARLY ABOUT LATE NOTICE GIVEN BY ODECO. GULF OF GABES WELL WAS TO BE STARTED JULY 20.

2. BASSINGER, PRESIDENT BUTTES RESOURCES, CALLED ON AMB JULY 19 TO BRIEF EMBASSY ON EVENTS OF PRECEDING WEEK. HE
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STATED BUTTES PREPARED TO GO AHEAD WITH WELL IF EQUIPMENT

COULD BE LOCATED, AND INDICATED THAT TRANS-WORLD PETROLEUM WAS CONSIDERING OFFER AND THAT ITS RIG PRESENTLY IN NORTH SEA RPT NORTH SEA COULD BE TRANSFERRED TO TUNISIAN WATERS WITHIN SIX WEEKS. HE ADDED THAT ETAP STRONGLY OBJECTED TO POTENTIAL DELAY AND SUGGESTED IT MAY HOLD BUTTES IN BREACH OF CONTRACT, IF ODECO VESSEL WERE RELEASED. BASSINGER ALSO STATED HE MAY BE FORCED TO USE JUNE 9 SOBER LETTER IN EXPLAINING US POSITION TO ETAP. AMB REQUESTED EMB BE NOTIFIED BEFORE LETTER MADE AVAILABLE TO ETAP OR GOT. (AMB'S SUBSEQUENT MEETING WITH PRIME MINISTER REPORTED TUNIS 5100).

3. ON JULY 20, BASSINGER AGAIN CALLED ON EMBASSY TO BE BRIEFED ON MAJOR POINTS OF AMB'S MEETING WITH PRIME MINISTER. HE STATED THAT, IN EARLY MORNING, HE HAD RECEIVED CALL FROM AN ETAP DIRECTOR WHO INFORMED HIM THAT ETAP WAS CONSIDERING POSSIBILITY OF LEGAL SEIZURE OF ODECO VESSEL TO TRY AND FORCE COMPLIANCE WITH CONTRACT. ACCORDING BASSINGER, SUCH A MOVE WOULD ENSURE THAT NO COMPANY WOULD BE WILLING DRILL FOR TUNISIAN SIDE. EMBASSY INFORMALLY SUGGESTED TO ETAP THAT ANY PRECIPITOUS ACTION IN THIS DELICATE STAGE WOULD DAMAGE TUNISIAN CASE VIS-A-VIS COMPANIES WILLING TO BE HELPFUL.

4. POSSIBLE FRENCH/AQUITAINE INFLUENCE IN ODECO DECISION WAS RAISED BY BASSINGER, NOTING MURPHY CONTROLLING INTEREST IN ODECO, AND MURPHY WORLDWIDE JOINT PROJECTS WITH AQUITAINE. INVOLVEMENT OF AQUITAINE IN DISPUTED ZONE FOR LIBYAN SIDE WAS ALSO RECALLED.

5. ON JULY 23, TRANS-WORLD AND BUTTES OFFICIALS CALLED ON AMB TO DISCUSS SITUATION AND POSSIBLE USE TRANS-WORLD RIG. FYI: PROPOSED TRANS-WORLD RIG IS NOT SELF-PROPELLED, HAS NO MARITIME REGISTRATION, BUT IS OWNED BY A BAHAMAS' BASED SUBSIDIARY OF TRANS-WORLD. END FYI: AMB REITERATED US POSITION AS STATED IN SOBER LETTER AND STATED THAT LIKELIHOOD OF DANGER TO VESSEL OR CREW IMPOSSIBLE TO CALCULATE GIVEN UNPREDICTABILITY OF QAHDHAFI.

6. BUTTES INFORMED EMBASSY ON JULY 24 THAT IT HAD RELEASED ODECO VESSEL, WHICH HAS NOW OBTAINED CUSTOMS CLEARANCE AND IS IN MALTA. VESSEL IS STILL UNDER LIMITED OFFICIAL USE

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CONTRACT TO BUTTEDUBUTTES HAS JUST INFORMED US THAT TRANS-WORLD OPTION HAS FALLEN THROUGH, BUT BUTTES IS CONTINUING TO SEEK AVAILABLE DRILL SHIP. ETAP IS REPORTEDLY ACCEPTING BUTTES POSITION AND DELAYS BUT WITH BAD GRACE.
MULCAHY

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